5   METHOD AND SYSTEM FOR ADMINISTERING
AN ON-LINE FUND-RAISING EVENT

RELATED APPLICATIONS

This application claims priority to United States provisional patent

10   application serial no. 60/269, 437, filed February 16, 2001.

FIELD OF THE INVENTION

The present invention relates generally to electronic commerce and fund-

raising. More particularly, the present invention relates to a method and system for fund-

15   raising which takes into account live auctions, on-line sales and on-line auction events. In

one aspect, the present invention relates to a communication network based method and

system for hosting on-line fund-raising auctions and sales on behalf of fund-raising entities

like charitable organizations and other special interest groups.

20   BACKGROUND OF THE INVENTION

As used herein, the term computer includes any device or machine capable of

accepting data, applying prescribed processes to the data, and supplying the results of the

processes. By way of example, but not limitation, the term "computer" includes mainframe

computers, servers, personal computers, laptops, personal digital assistants, portable

25   phones, cell phones and calculators. The term "communication network" is also meant in a

broad sense, and may include any suitable technology for information transmission,

including electrical, electromagnetic and optical technologies. Such a communication

network may link computers, e.g., a LAN or WAN. Although the invention is described

with particular reference to an open network, such as the Internet, it may also be used in

30   other networks, internets and intranets.

The Internet continues to increase in importance as a place for business,

offering a wide variety of information and services to potential customers, and providing

businesses with a new and efficient way to reach their target audiences. But the applications

and efficiencies of what has become known as "e-commerce" are not limited to pure for-

35   profit businesses. The efficiencies of e-commerce may also be utilized for fund-raising

events held by fund-raising groups or entities like charitable organizations, "non-profit"

entities, and other special interest groups who seek to raise monies for their respective

- 1 -   NY2 - 1287282.1

causes. As used herein, the terms "fund-raising entity," "fund-raising group," and "fund-raising organization," and plural derivatives thereof, are interchangeable and include conventional charities, such as churches and other organizations dedicated to helping the poor or infirm or fighting a disease (e.g., AMERICAN CANCER SOCIETY®, AMERICAN

5   LUNG ASSOCIATION®), non-profit organizations, such as those dedicated to educating the less fortunate, and any other special interest groups seeking to raise funds for a cause. The term fund-raising entity may also include a corporation sponsoring a fund-raiser for the benefit of a charity or special interest group, or to raise funds for a recreational employee event.

10   In the past, fund-raising groups have often held live fund-raising events, such as live auctions or sales, where donated goods or services are purchased by interested consumers who know that the proceeds from the event will benefit the cause associated with the fund-raising group. For example, a well-known artist might donate an original print of one of his or her works to a charity so that it may be auctioned off to those interested in the

15   charitable cause and/or the artist's work. In this example, since the artwork has been donated to the charity, the charity will keep the majority, if not all, of the proceeds from the sale. Typically, however, fund-raising groups must spend valuable time and resources organizing and administrating the fund-raising event, and soliciting donations of goods and services from those willing to support their cause. In addition, these auctions and live

20   events would span a short duration of time during which sales would take place.

           Auction systems for auctioning goods on the Internet are disclosed in United States Patents Nos. 5,835,896 to Fisher et al. and 5,890,138 to Godin et al. The Fisher and Godin patents relate generally to systems for posting items for sale on the Internet and receiving bids from interested consumers. United States Patent No. 6,108,639 to Walker et

25   al. discloses a "buyer driven" system where consumers submit conditional purchase offers for specified collectible items via the Internet, and those offers are provided to potential sellers for possible acceptance. United States Patent No. 6,052,674 to Zervides et al. relates to an electronic invoicing and collection system for encouraging the payment of late payment surcharges where a portion of the late payment surcharge is apportioned to a

30   charity.

           Other Web sites for on-line auctioning of goods and services include EBAY™, << http://www.ebay.com >>, which allows individual sellers to auction their goods to other Internet users, and UBID™, << http://www.ubid.com >>, which provides a forum for vendors to auction goods to Internet users. In both of these systems the Web site

35   administrator is believed to receive only a small commission for each sale and the items

- 2 -

being auctioned are owned/provided by a third-party seller distinct from the Web site administrator.

SUMMARY OF THE INVENTION

5

It is desirable, therefore, to augment traditional fund raising activities such as the live auction with events, auctions and selling activities which raise money for a cause that can take place day and night and over a greater period of time so that more funds can be raised. It is desirable to enable fund-raising groups to incorporate the transaction

10   efficiencies of the Internet into their fund-raising activities. Such a method and system would provide a forum where such groups can host on-line fund-raising events, either in place of, or as an augmentation of, live fund-raising events, such that all interested donors or participants can participate no matter what time or where they are located physically. In one aspect of the present invention, fund-raising entities would not have to expend

15   significant time and resources organizing live events and/or providing a suitable locale for a live auction event. In another aspect, fund-raising entities who are planning fund-raising events could raise funds on-line immediately by advertising their involvement with an on-line host and providing their members with the host Web site address, fund-raising passwords and/or codes to be used on-line at the Web site to designate a portion of the

20   proceeds from consumer purchases for the benefit of the fund-raising cause. The fund raising program could involve live auctions, on-line selling and on-line auction events.

In one embodiment a method and system for administering an on-line fund-raising auction via a communication network, such as the Internet, is disclosed.

In a preferred embodiment, the present invention relates to a communication

25   network-based method for administering a fund-raising program. A Web site accessible by network users is provided and maintained by a host or marketing event planner. The Web site preferably is configured for conducting and hosting fund-raising activities including preferably planning and coordinating live auctions and other live fund-raising activities, on-line selling and on-line auctions of goods or services. The goods and services may be

30   owned, obtained or provided by the host or marketing event planner. The goods or services may be auctioned to users visiting the Web Site. Alternatively, the host could have an event or program that includes live (*i.e.*, in person) and an on-line components, so that interested consumers could purchase items for a fund-raising whether at one of the live events or even if they were not able to physically attend the live component of the event or program. For

35   example, the fund raising program or event may include an on-line store, live auction events

and on-line auction events which can offer identical goods, related or complimentary goods. The on-line auction component may be public or private, and the goods or services to be auctioned may include artwork, memorabilia, or collectibles. The goods or services may be purchased by the host from an unrelated entity in the business of selling such goods and may be purchased for the purpose of selling as part of the fund raising program including the on-line auction event. The event planner who plans and organizes the event may be paid by a percentage of the goods sold or a set price for the planning, organization, and promotional services. A portion of the proceeds from the sale of the goods may be allocated to the fund-raising entity in whose name the auction may be promoted. Alternatively or additionally, the fund-raising entity in whose name the auction is held may receive a flat rate. The event planner may host or own the Web site, and may be paid a percentage of the goods sold and a set fee.

Additionally, a rebate may be calculated and provided to the fund-raising organization proportional to a total amount of revenue generated during a fund-raising event. Alternatively or additionally, the rebate or discount voucher may be applicable to the cost of future fund-raising events, or used by the fund-raising entity to purchase items for auction at future live events. A rebate may also be provided to a network user who has purchased one or more auction items, where the rebate may be applicable to future purchases at the Web site either during a current or future event. In one variation, items complementary, related or similar to the goods or services auctioned may be offered for sale at a fixed price to network users before, during, or after the auction has closed. These sales may take place via an on-line store also maintained at the Web site, enabling a fund-raising entity to raise funds all year long, day or night.

In another preferred embodiment, one aspect of the present invention relates to a communication network-based system for administering a fund-raising program. The system may include a server computer for maintaining a Web site accessible by network users which may include a database for storing information related to fund-raising entities and items for auction, a communications link for receiving information, data and/or bids from users for items, events and a processor running software for displaying information about items, processing information, data and bids from network users, determining winning bidders, or any combination of these functions. The Web site preferably is configured to host an auction of goods or services in the name of a fund-raising entity (*e.g.*, AMERICAN CANCER SOCIETY®), where the goods or services are not owned or provided by the fund-raising entity. The auction may be public – open to all network users, or access may be restricted to a specified set of users (for example, charity members). In the

- 4 -

latter case, users may be required to enter a password and/or user name to access the auction.

The server computer may be configured to receive payment from a user successfully bidding on a good or service for auction, and the processor may allocate a portion of the payment to the fund-raising entity. The processor may be further configured to calculate a rebate to the fund-raising entity proportional to a total amount of revenue generated during a fund-raising event or program, or calculate a discount applicable to the cost of future fund-raising events or programs. The discount for future events may be calculated using a different formula (e.g., more favorable to the fund-raising entity) to provide an incentive for the fund-raising organization to use the discount in the future and have the host plan another event or program rather than use the rebate for an immediate pay off. The processor may still further be configured to offer for sale, at a fixed price, items complementary or similar to the goods or services auctioned before, during or after the auction has closed.

In still another embodiment, the system relates to a software program implemented on a host computer in a communication network-based system for administering an on-line fund-raising event. The software program configures the host computer to maintain a Web site accessible by network users, host a fund-raising auction of goods or services in the name of a fund-raising entity where the goods or services for auction may not be owned or provided by the fund-raising entity, receive payment from a user successfully bidding on a good or service for auction, and allocate a portion of the payment to the fund-raising entity. The software program may further configure the host computer to provide a rebate to the fund-raising organization proportional to a total amount of revenue generated during a fund-raising event, and the rebate may be used to offset the cost of future fund-raising events. The software program may still further configure the host computer to offer for sale at a fixed price items complementary or similar to the goods or services auctioned before, during, and after the auction has closed. A percentage of the fixed price items may also be allocated to the fund-raising organization so that the fund-raising organization has incentive to direct users to the host Web site.

BRIEF DESCRIPTION OF THE DRAWINGS

The present invention will be understood and appreciated more fully from the following detailed description, taken in conjunction with the drawings in which:

FIG. 1 is a block diagram illustrating the operation of a system of the present invention;

NY2 - 1287282.1

FIG. 2A is a flowchart illustrating the steps in a preferred embodiment of the method of the present invention; and

FIG. 2B is a continuation of the flowchart of FIG. 2A, illustrating still more steps in a preferred embodiment of the method of the present invention.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENTS

The present invention in one embodiment relates to a method and system for administering an on-line fund-raising event in the name of a fund-raising organization via a communication network, such as the Internet. Unless otherwise indicated expressly or by context, a "good" encompasses a deliverable, including a physical good, an electronic or virtual good and a service which provides a physical, electronic or virtual deliverable. The terms "user", "purchaser", "customer", "consumer", "recipient" and "orderer" are used interchangeably unless indicated otherwise expressly or by context. Similarly, the terms "seller", "vendor", "retailer", "merchant", "provider" or "sender" of a good are used interchangeably unless indicated otherwise expressly or by context.

Reference is now made to FIG. 1, which is a block diagram illustrating the operation of a system in a preferred illustrative embodiment of the present invention. A fund-raising entity 102, such as a charity or non-profit organization, may contract with a host, or event or program planner 108, maintaining Web site 104 on the Internet 106, to organize and plan a fund-raising program which may include an auction or sale of goods or services 126, which in a preferred embodiment include artwork, collectibles, and memorabilia, for the benefit of or in the name of fund-raising entity 102. The goods or services for auction may be supplied by Web site host 108, or, alternatively, some other party. A manufacturer, for example, may sell goods to host 108 for the purpose of reselling. Host 108 benefits because consumers 110, knowing that a portion of the proceeds from each sale will go to the cause supported by fund-raising entity 102, will be encouraged to bid on or purchase items posted for auction or sale. Fund-raising entity 102 benefits because it is spared time and resources organizing an event and soliciting donations of items for auction. While host 108 is also the provider of the items for auction or sale in this preferred embodiment, a separate and distinct entity, such as seller 109, also could provide or own the goods and services for auction. In either case, fund-raising entity 102 is still spared the time and effort of soliciting donations of items for auction. In the event that fund-raising entity 102 receives items donated by others, these items may also be auctioned or sold for the benefit of fund-raising entity 102. Fund-raising entity 102 may hold both public on-line auctions (e.g., open to all network users) at Web site 104, or private auctions (e.g., requiring

- 6 -

password for access). These auctions could be in lieu of a live auction event or to augment a live auction event.

The Web site, portal or other data management and processing site **104** maintained by the host **108** has servers **107** which may include processor **112**, database **114**, software programs **116**, and communications link **118**. Database **114** may include multiple component databases such as auction item database **119**, for storing information related to items for auction (e.g., descriptions, pictures, prices), fund-raising organization database **120**, for storing information related to the participating fund-raising entities (e.g., basic organization information, preferred logo for advertising, etc.), and consumer database **121**, for storing information about consumers who are bidding on and purchasing items on Web site **104** (e.g., name, address, credit card information, etc.).

For example, site **104** may include a database **114** which has an "Event Planning Center" area, where fund-raising organization **102** can access information regarding the organization's program, activities, events and participation at site **104**. Information available at the Event Planning Center of site **104** may include a running total of the proceeds generated during the organization's auction(s) to date, the number of events that the organization has held at site **104** and the proceeds generated for each, the number of rebate/discount points earned, identity information regarding those who have purchased items during the event (*e.g.*, name, address, item(s) purchased), and other related information. The Web site **104** for example may allow fund-raising entity **102** to access or secure area of the Web site, through, for example passwords, in order to access information specific to their program. For example, a calendar function could be provided where a time line of milestones and events may be provided, persons with access to the calendar may for example make appointments for the access group, send and receive e-mails to/from the access group, participate in chatrooms, etc.

Host **108** provides the items for auction on site **104**, and processor **112** of server **107** may display information regarding each item for auction. Alternatively, a seller **109** may contract with host **108** to provide the items for auction. Server **107** receives bids **111** for items from consumers **110** via communications link **118**, and processor **112** running software **116** processes the bids and determines a winner for each item. It is also possible that multiple copies of the same item may be offered at auction so that a plurality of consumers posting the highest bids will win the items. In addition, multiple copies of a single item offered for auction may be offered for sale at a given price, also with a portion of the proceeds going to fund-raising entity **102**. For example, if only a single, original, signed print from a well-known artist is offered at auction, multiple reproductions of this

print may be offered for sale to consumers **110** in an "on-line gallery," with a portion of the proceeds from each sale going to fund-raising entity **102**.

In a preferred embodiment, the consumer **102** placing the winning bid will provide payment **122** to Web site **104**, typically by means of a credit or debit card account, or any other means amenable to electronic transfer and processing. Processor **112** allocates a portion of payment **122** to the fund-raising entity, and the size of the portion may be determined in advance by agreement of the parties. The fund-raising portion of the auction proceeds **123** is provided to fund-raising entity **102**, typically upon completion of the auction.

In addition, processor **112** may calculate the total revenue generated during the event or program, and provide fund-raising entity **102** with rebate points or a discount **124** based on the total revenue generated. This rebate or discount may be immediately redeemable by fund-raising entity **102** or applied at a later time toward the cost of a future fund-raising events. Rebate or discount **124** may be calculated according to different formulas depending upon whether the rebate is redeemed immediately or applied toward the cost of a future event so that an extra incentive may be provided to host another event. Alternatively, the rebate **124** may be based on the total volume of sales during the auction or at an on-line store provided at Web site **104**, any live events or auctions or any combination thereof.

Once the payment **122** from consumer **110** has been collected and/or verified, the auction item (e.g., goods or services) **126** purchased is sent to consumer **110**, either by host **108** or goods or services provider/seller **109**. In the latter case, host **108** provides payment **127** to seller **109** who may send goods/services **126** directly to consumer **110**. In one embodiment, consumers **110** may earn rebate points or dollars based on the number of items they purchase at Web site **104**, where the rebate is applicable to future purchases at fund-raising Web site **104**. Alternatively, the consumer rebate may be donatable to a consumer's favorite charity or other type of fund-raising organization. As an added advantage, one skilled in the art will recognize that Web site **104** and provider **108** may simultaneously host multiple auctions for different fund-raising organizations.

Reference is now made to **FIGS. 2A** and **2B**, which are flowcharts illustrating the steps in a preferred embodiment of the method of one aspect of the present invention. In step **202**, a Web site, portal or other data management and processing site, accessible by users of a communication link, such as the Internet, is provided. In step **204**, a fund-raising entity agrees to "sponsor" a fund-raising auction at the host Web site, during which items preferably provided by another entity (*e.g.*, NOT the fund-raising entity) are

- 8 -

offered to consumers. As discussed above, in step **203**, the items offered for auction preferably may be provided by the same entity that provides and maintains the Web site, or a separate entity. In step **206**, items are auctioned on the Web site to network users. The auction may be public so that anyone visiting the Web site may register to bid on an item for auction by providing basic identity information (e.g., name, address, e-mail address, etc.) and a payment identifier, such as a credit or debit card number. Alternatively, the auction may be private – requiring a password and/or user name for access.

At some point, either after a certain amount of time has expired, or after a certain maximum bid has been reached, in step **208** a winning bidder is determined. It is contemplated that the auction will have a start time, end time, and a minimum opening bid. Further, after bidding, a consumer may be notified if their bid has been exceeded by another thus giving that consumer the opportunity to submit a higher bid. In step **210**, payment from the winning bidder is received by the host Web site, and in step **212** a portion of the payment is allocated to the fund-raising cause. In step **214**, if the auction is not complete, step **206** through **214** are repeated for other auction items. It should be obvious to one skilled in the art that while **FIG. 2A** presents the auction of items in a serial fashion, multiple items may be auctioned simultaneously during the same fund-raising auction, and multiple fund-raising auctions for different fund-raising entities may be held simultaneously at the same host Web site.

If the auction is complete in step **214**, in step **216** (shown in **FIG. 2B**), the total revenue (e.g., gross sales) generated during the fund-raising event, which may be based on auction sales alone or combined with sales at a companion on-line store also provided at the host Web site or combined with a live auction, is calculated. In step **218**, a discount or rebate, in the form of points, dollars, or some other means of quantification, is provided to the fund-raising entity, where the rebate may be a percentage of the total revenue generated during the fund-raising program or on-line fund raising event. Alternatively, steps **216** and **218** can be calculated after payment for each item so that the total revenue generated and rebate earned can be calculated on a running basis. The discount may be applied to the cost of future fund-raising events and/or may be used by the fund-raising entity to purchase goods for auction at future live or on-line fund-raising events.

While the present invention has been described with reference to the preferred embodiments, those skilled in the art will recognize that numerous variations and modifications may be made without departing from the scope of the present invention. Accordingly, it should be clearly understood that the embodiments of the invention

NY2 - 1287282.1

described above are not intended as limitations on the scope of the invention, which is defined only by the claims as allowed.